

United States Department of Agriculture



Rural Development

FY 2001 Annual Report

“Strengthening rural communities in North Dakota”



Clare A. Carlson
State Director

Welcome from North Dakota!

Our state probably exemplifies the changes that have occurred in agriculture as well as any area in the country. Over the past ten years the economy of North Dakota has changed from one heavily based on agriculture to a well-diversified economy able to withstand economic swings.

USDA Rural Development has been a key player in that transition. This past year was no exception. As an organization, we brought in over \$60 million in program dollars. Those funds helped repair and maintain essential infrastructure and boost economic activity throughout the state providing a well-rounded set of results that benefit the citizens of the state.

In housing we funded 121 direct loans and 224 guarantees, including a young mother with three young children move from their mold infested-rented home to a tidy home as a proud homeowner. In community development we helped communities develop and focus their dreams for their communities. In rural business service and rural utility service, we helped 60 projects. Our Community Facility program assisted 18 projects.

Of particular interest were the Value Added Development Grants (VADG). Entities from North Dakota were successful in ten applications totaling more than \$3.2 million. Since that time, I have had reports from many of those successful applicants telling me the grant has really allowed them to address new markets that will promote their success. The success of those applicants confirmed my belief that North Dakota is the leader in value added agriculture.

In the future we look forward to new challenges and new ways of aggressively implementing our program. We appreciate the leadership that President Bush and Secretary Veneman have provided to the United States and the USDA Rural Development.

Rural Development in North Dakota provided in excess of \$61.6 million of assistance to rural residents in Fiscal Year 2001.

Business & Industry

- **\$17 million** of assistance to rural businesses in ND

Rural Housing

- **\$18,942,751** in loans, grants and guarantees provided to meet the growing housing needs in rural ND
- **504** rural families were assisted with the purchase or repair of their home

Community Programs

- **\$13 million** to rural communities for Water and Environmental projects
- **\$7,969,000** funded for Community Facility projects in rural areas



Our country stands united as we report on a unique and challenging year for the Department of Agriculture. In the wake of the tragedies of September 11th, we have worked to ensure the protection of our food supply, employees, customers, facilities and programs.

As President Bush has said, “We will not waver; we will not tire; we will not falter; and we will not fail. Peace and freedom will prevail.”



“America, at its best, is compassionate. America, at its best, is a place where personal responsibility is valued and expected...”

Quote from the President’s Inaugural Address

George W. Bush
President of the United States

During this past year, we faced many challenges, but many opportunities as well. As our new Administration has taken hold, USDA’s Rural Development undertook many efforts to assist and strengthen our rural communities. These efforts included: 950 communities approved for \$1.4 billion in loan and grant funds to establish or improve drinking water or waste disposal systems for more than a million rural residents; 43,000 families received loans to purchase a home, allowing them to realize their dream of owning their own home and contributing to an all time high in our nation’s homeownership rate; and nearly \$15 million in grant funds were provided to distance learning projects encompassing over 590 educational institutions, and \$11.5 million for 41 telemedicine projects involving nearly 236 medical facilities, bringing greater access for rural residents to much needed educational and medical services.

Over the years, we have made great strides to better serve our customers. In September, we unveiled a new report, “Food and Agricultural Policy: Taking Stock for the New Century.” This study focuses on the changing role of agriculture and rural development and how we can work together to provide new opportunities and greater economic growth for this nation’s farmers, ranchers and rural communities. I encourage you to review this report from USDA’s website at www.usda.gov.

Residents in North Dakota and from all across this nation are what truly makes America great. We can continue to build on our successes in strengthening our rural communities. And, our Rural Development employees stand ready to assist in any way they can.

Secretary Ann M. Veneman

FISCAL YEAR 2001 FUNDING

	Administrative	# of FTE	# of Local	# of RH Loans	Rural Housing CF & MFH	Rural Development Programs RBS & RUS	Total RH, CF, MFH & BP \$
FY '97	610,874	66	7	486	16,045,192	36,025,888	52,071,080
FY '98	664,677	65	7	449	17,670,160	23,077,755	40,747,915
FY '99	473,464	63	7	406	17,810,216	27,720,880	45,531,096
FY '00	487,863	61	7	536	27,243,758	34,540,076	61,623,099
FY '01	496,000	62	7	534	32,649,339	28,666,948	62,878,837
RH - Rural Housing MFH - Multi-family Housing CF - Community Facilities BP - Business Programs							

Rural Housing Programs

*In Fiscal Year 2001, **504** home loans and grants were made in North Dakota*

RURAL HOUSING SERVICE (RHS)

The Rural Housing Service (RHS) is one of the agencies within the United States Department of Agriculture's (USDA) Rural Development mission area.

Through RHS programs, Rural Development touches many aspects of rural life. These programs provide people in rural areas with loan and grant funds for repairing their homes or buying or building new homes. USDA provides financing for rental housing at affordable prices and rental assistance to the elderly, the homeless, farm laborers, and people whose income is low to moderate.

In partnership with many other organizations, RHS creates packages of technical assistance and loan funds, rather than providing all the assistance alone for a project. By leveraging and partnering, resources are stretched to benefit more rural individuals and communities.

Single Family Housing (SFH)

Single Family Housing programs administered by the Rural Housing Service offer home ownership and home improvement loans for individuals and families in rural areas. Financing is provided at favorable rates and terms with little or no down payment. In

many cases, payments can be reduced according to the client's ability to pay.

Guaranteed 502 Loans

This program serves rural people who obtain a loan with the bank through a 90% guarantee from Rural Development. This program provides for loans to be made at 100% of market value. In FY 2001, Rural Development assisted 224 families for a total of \$12,393,920.

Direct 502 Loans

This program serves rural people whose incomes are at or below 80 percent of the median for the area in which they live. Very-low income applicants are considered to have repayment ability if they do not have to pay more than 29 percent of their repayment income towards housing costs. Applicants, regardless of income, are considered to have repayment ability when they do not have to spend more than 41% of repayment income on the total debt. Depending on income, house payments can be reduced through an adjustable interest rate, making a home affordable.

In FY 2001, Rural Development assisted 121 families obtain a Direct 502 rural housing loan for a total of \$ 6,177,040. Without the assistance of Rural Development, these rural residents would not have been able to finance their homes.

504 Home Repair Loans and Grants

This program provides assistance to very-low income applicants to remove health and safety hazards and repair their homes. Loan and grant purposes include winterization, purchase or repair of heating system, structural repair, roof replacement/repair, and other similar uses.

Families and individuals that currently own their own home can apply for the 504 loan and grant funds. Terms are 20 years at one-percent interest and may not exceed \$20,000. Grants are available to applicants that are 62 years or older with limited income. Maximum grant is \$7,500. In FY 2001, Rural Development assisted 27 rural families with the 504 loan program and 133 rural families/individuals with the 504 grant program for a total of \$954,152.

HOUSING PRESERVATION GRANTS (HPGs)

Housing Preservation Grants are provided to non-profit and governmental organizations for the repair of rural homes owned by very-low income families. In FY 2001, Rural Development funded two HPG's. Funding was awarded to the Turtle Mountain Band of Chippewa and to Roosevelt Custer Regional Planning Council for a combined total of \$100,000.

MULTI-FAMILY HOUSING RURAL RENTAL HOUSING LOANS (MFH)

Multi-family housing provides financing for the construction or rehabilitation of affordable apartment-type housing for low, very low and moderate income households in rural areas. In FY 2001, \$683,450 was funded through the MFH program to rehabilitate two existing apartment complexes in North Dakota.

Rental Assistance Program

This program provides subsidized rent to low income individuals, families, and the elderly in rural rental projects across North Dakota. In FY 2001, North Dakota received \$4,000,000 to assist

tenants in 270 housing complexes consisting of 3,544 units.

The Property Site Manager

Each year USDA Rural Development pays tribute to property site managers across the country for their work in guaranteeing the success of the housing complex.

The site managers work at housing complexes financed by Rural Development, and are employees of the private sector, not the U.S. Government. These individuals see to it that the day-to-day operations go smoothly, and they often invest a great deal of their own free time in providing tenants with a safe and cohesive community. Their work is a compliment not only to USDA Rural Development, but also to the communities where these housing complexes are located. This year's award went to Marilyn Jensen representing Knife River Group Home in Hazen.



State Director Clare Carlson (R) presents award to Marilyn Jensen representing Knife River Group Home.

Through RHS programs, Rural Development touches many aspects of rural life. In partnership through other organizations, RHS creates packages of technical

assistance and loan funds, rather than providing all the assistance for a project.

Summary

In Fiscal Year 2001, the Rural Housing Service assisted 512 families in the purchase, construction, and repair of homes. Our Single Family Housing Program funded \$6,548,758 in direct loans, \$140,149 in repair loans, \$814,003 in repair grants, and \$12,393,966 in guaranteed loans. USDA Rural Development's Single Family Housing Program made it possible for many North Dakota residents to obtain safe, affordable housing in FY 2001.

Community Facilities (CF)

The Community Facilities (CF) program provides loan, and grant funds, and loan guarantees to non-profits and to Indian Tribes for accommodations such as health care clinics, public safety works such as fire stations, schools and child care centers that are essential to the quality of life in any rural community. Through its Community Facilities Loan program, the USDA Rural Development is striving to ensure that such facilities are readily available to all rural Americans. The commitment of the USDA to this effort is at the core of its mission and its promise to help build stronger, more vibrant rural communities across the nation.

In FY 2001, Rural Development provided the funding needed for projects such as the Smee School District on the Standing Rock Reservation, and to preserve a museum for the Barnes County Historical Society in Valley City, North Dakota.



Smee School District

State Director Clare Carlson (2nd from right) presented a check for \$1,262,918, representing a Communities Facilities grant, to Robert Tiger (center) president of Smee School District. The funds will be used to purchase equipment for the newly constructed school. Attending were special guests Miss Indian Nation (far right); David Saffert, Native American Coordinator (far left); W. Sterling Breuer, CFS, (2nd left); Susan Smit, superintendent, (3rd left); and Donald Warren, RHPD, (3rd from right).

Overall, the CF program continues to excel in North Dakota and on the Indian Reservations. More than \$6 million was invested in Indian Country through the CF program in FY 2001.

\$1,407,918	Grant	Standing Rock Reservation	ND
\$2,322,750	Grant	Turtle Mountain Reservation	ND
\$2,507,000	Loan	Fort Berthold Reservation	ND
\$ 135,000	Grant	Spirit Lake Reservation	ND

RURAL BUSINESS-COOPERATIVE SERVICE (RBS)

Rural Development provides leadership and funding to help build competitive businesses and cooperatives that can prosper in the global marketplace through the Rural Business-Cooperative Service.

Value-Added Agricultural Product Market Development Grants (VADG) were authorized by the Agriculture Risk Protection Act of 2000 with funds to be used in FY 2001. The VADG program had two primary objectives. The first is to encourage independent producers of agricultural commodities to furthered refine these products, increasing their value to end users. The second objective is to establish an Information Resource Center to collect, disseminate, coordinate, and provide information on value-added processing to independent producers and processors.

VADG 2001 for Independent Producers were awarded to 60 organizations or individuals.

North Dakota received grant funds in the amount of **\$3,222,250 in FY 2001**, second in the nation only to Iowa.

<i>FY 2001 Value Added Program</i>			
Grant	Program Name	State	County
\$500,000	Golden Plains	ND	Benson
\$313,512	Dakota Hal Processing	ND	Wells
\$144,000	Dakota Lamb Growers	ND	Grand
\$ 91,850	Dakota Beef	ND	Morton
\$498,700	Iso-Straw Cooperative	ND	Griggs
\$500,000	Semolina Specialties	ND	Divide
\$500,000	North American Bison	ND	Eddy
\$500,000	United Spring Wheat	ND	Cass
\$ 71,996	Dakota Halal Processing	ND	Wells
\$102,200	Dakota Halal Canning	ND	Wells
\$3,222,250	Total		

Business and Industry Loan Program

In May 2001, Rural Development approved a \$2.8 million business loan guarantee for Heartland Durum Growers Coop, a pasta manufacturing plant, located in Crosby.



Heartland Durum Growers Coop

The loan provided funds to purchase machinery, plant equipment, and to provide working capital for the plant, owned by the cooperative. More than 30 new jobs will be created as the pasta plant gears up to full operation. The plant processes durum semolina into specialty pasta products such as bow ties and flavored noodles.

Designed to help provide a positive environment for economic growth and stability for rural areas, the Business & Industry Program, in FY 2001, provided \$10,096,351 to 18 projects. The projects serve a variety of industries including custom meat processing, grain elevators and seed cleaning, electronics manufacturing, and retail variety store.

Specialty Lending and Grant Programs

There are several Rural Development funded programs designed to assist in the fostering of economic development in rural areas.

Four **Rural Business Opportunity Grants (RBOG)**, totaling more than \$115,000 were granted during FY 2001. The RBOG program funds provide for technical assistance, training, and planning activities that improve economic conditions in rural areas. One RBOG was made to Women and Technology for upgrading existing computer hardware, software and systems to businesses in Pierce and Towner counties.

Another RBOG made to Job Development

Authority of Ashley was used in assisting Tech Link, Inc. with servicing technology agreements having e-business service providers.

Five Rural Business Enterprise Grants (RBEG), totaling more than \$930,000, were granted during FY 2001. For every dollar of the USDA funds, \$1 of private funds was leveraged into these RBEG projects. One RBEG will benefit the City of McVile by assisting in the purchase of a building to be used as lease property to local businesses.



State Director Clare Carlson, along with Delayne Brown, RDLS, presents a check for an \$85,400 grant to Mayor Cindy Bjornstad (2nd from left) and City Council members of McVile.

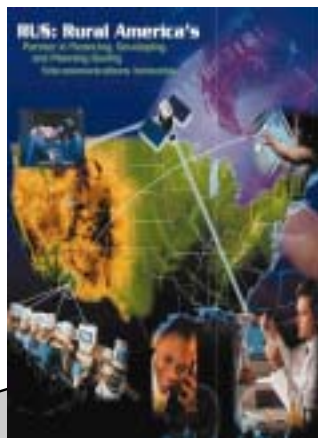
Another RBEG was made to Northwest Jobs Development Authority of Crosby. The grant will be used to establish a Revolving Loan Fund to provide financing to small businesses in the Burke-Divide Counties

Rural Economic Development Loans and Grants (REDLG)

This program finances economic development and job creation projects in rural areas based on sound economic plans. REDLG loans and grants are made to Rural Utilities Service electric and telephone borrowers to assist in stimulating the development of rural areas by creating new job opportunities, and retaining existing employment. Loans at zero-interest are made primarily to finance business startup ventures and business expansion projects. Grants are made to the utilities to establish revolving loan programs operated by the utility.

This program finances economic development and job creation projects in rural areas based on sound economic plans. REDLG loans and grants are made to Rural Utilities Service electric and telephone borrowers to assist in stimulating the development of rural areas by creating new job opportunities, and retaining existing employment. Loans at zero-interest are made primarily to finance business startup ventures and business expansion projects. Grants are made to the utilities to establish revolving loan programs operated by the utility.

During FY 2001, RUS awarded projects. included Bethel Home and Dakota Electric/ Union Ellendale. helped create in rural Dakota.



2001, RBS three REDLG Recipients Mountrail of Stanley, Valley Farmers Company of This funding 24 new jobs North

Rural

Med Center One \$447,710
Langdon School District \$110,000
West River Health Services \$68,229

Development also provided loan assistance through Mountrail Williams Electric Cooperative awarded to Northwestern Dairy LLP of Tioga.

Intermediary Relending Program (IRP)

loans finance business facilities and community development projects in rural areas. Rural Business Service lends these funds to intermediaries, which in turn provide loans to recipients who are developing business facilities or community development projects. Two IRP loans totaling \$1 million were made in FY 2001. Lake Agassiz Regional Development Council and Souris Basin Planning Council each received \$500,000. The funds will be used to establish Revolving Loan Funds to provide financing to small businesses.

RURAL UTILITIES SERVICE (RUS)

The mission of the Rural Utilities Service (RUS) is to help improve the quality of life and promote economic development in rural America. Rural Development loan and grant funds for water and waste disposal systems are available to rural areas or municipalities and can be used for the construction of new systems, or for improvements and extensions to existing systems.

Through its Water and Wastewater programs, North Dakota RUS was able to improve the quality of life in many rural communities this past year.



Nursing students from Rugby

Rural Development provided assistance to 18 projects for a combination of \$6,120,200 in loans and \$6,877,500 in grants to serve 2,436 users with clean drinking water and modern sewer facilities. Other financial sources provided \$7,863,736 in loans and/or grants for these 18 projects.

Television Demonstration Grant

One Television Demonstration Grant was made to Prairie Public Broadcasting. The grant funds are used to develop and provide information and training to rural residents, farmers and ranchers in North

Business and Industry Loan Program

In May 2001, Rural Development approved a \$2.8 million business loan guarantee for Heartland Durum Growers Coop, a pasta manufacturing plant, located in Crosby.



Northwestern Dairy LLP of Tioga

The loan provided funds to purchase machinery, plant equipment, and to provide working capital for the plant, owned by the cooperative. More than 30 new jobs will be created as the pasta plant gears up to full operation. The plant processes durum semolina into specialty pasta products such as bow ties and flavored noodles.

Designed to help provide a positive environment for economic growth and stability for rural areas, the Business & Industry Program, in FY 2001, provided \$10,096,351 to 18 projects. The projects serve a variety of industries including custom meat processing, grain elevators and seed cleaning, electronics manufacturing, and retail variety store.

Specialty Lending and Grant Programs

There are several Rural Development funded programs designed to assist in the fostering of economic development in rural areas.

Four **Rural Business Opportunity Grants (RBOG)**, totaling more than \$115,000 were granted during FY 2001. The RBOG program funds provide for technical assistance, training, and planning activities that improve economic conditions in rural areas. One RBOG was made to Women and Technology for upgrading existing computer hardware, software and systems to businesses in Pierce and Towner counties.



*Turtle Mountain Band of Chippewa Indians
Sky Dancer Sewer Lagoon Rip Rap project*

Another RBOG made to Job Development Authority of Ashley was used in assisting Tech Link, Inc. with servicing technology agreements having e-business service providers.

Five Rural Business Enterprise Grants (RBEG), totaling more than \$930,000, were granted during FY 2001. For every dollar of the USDA funds, \$1 of private funds was leveraged into these RBEG projects. One RBEG will benefit the City of McVille by assisting in the purchase of a building to be used as lease property to local businesses.



All Seasons Water Users — Bottineau

Another RBEG was made to Northwest Jobs Development Authority of Crosby. The grant will be used to establish a Revolving Loan Fund to provide financing to small businesses in the Burke-Divide Counties

Rural Economic Development Loans and Grants (REDLG)



Hope Electric

Business and Industry Loan Program

In May 2001, Rural Development approved a \$2.8 million business loan guarantee for Heartland Durum Growers Coop, a pasta manufacturing plant, located in Crosby.

The loan provided funds to purchase machinery, plant equipment, and to provide working capital for the plant, owned by the cooperative. More than 30 new jobs will be created as the pasta plant gears up to full operation. The plant processes durum semolina into specialty pasta products such as bow ties and flavored noodles.



State Director Clare Carlson (2nd from left), assisted by U.S. Senator Kent Conrad (left), presents a check for \$30,000, which represents a Rural Business Opportunity Grant (ROBG) to Tara Holt (right) representing Women in Technology. Jerry Jacobson (2nd from right) represents the Rugby Jobs Development Authority.

Designed to help provide a positive environment for economic growth and stability for rural areas, the Business & Industry Program, in FY 2001, provided \$10,096,351 to 18 projects. The projects serve a variety of industries including custom meat processing, grain elevators and seed cleaning, electronics manufacturing, and retail variety store.

Specialty Lending and Grant Programs

There are several Rural Development funded programs designed to assist in the fostering of economic development in rural areas.

Four **Rural Business Opportunity Grants (RBOG)**, totaling more than \$115,000 were granted during FY 2001. The RBOG program funds provide for technical assistance, training, and planning activities that improve economic conditions in rural areas. One RBOG was made to Women and Technology for upgrading existing computer hardware, software and systems to businesses in Pierce and Towner counties.

Another RBOG made to Job Development Authority of Ashley was used in assisting Tech Link, Inc. with servicing technology agreements having e-business service providers.



State Director Clare Carlson (L), presents the National Center of Excellence award to Dr. Larry Belgarde, president of Little Hoop Community College, Spirit Lake Nation.

Five Rural Business Enterprise Grants (RBEG), totaling more than \$930,000, were granted during FY 2001. For every dollar of the USDA funds, \$1 of private funds was leveraged into these RBEG projects. One RBEG will benefit the City of McVie by assisting in the purchase of a building to be used as lease property to local businesses.

Another RBEG was made to Northwest Jobs

USDA Rural Development Vision Statement

***Partners in helping the people of rural America
develop sustainable communities.***

USDA Rural Development Mission Statement

***To enhance the ability of rural communities to develop,
to grow and to improve their quality of life by
targeting financial and technical resources in areas of greatest
need through activities of greatest potential***

The U.S. Department of Agriculture (USDA) prohibits discrimination in all its programs and activities on the basis of race, color, national origin, sex, religion, age, disability, political beliefs, sexual orientation or marital or family status. (Not all prohibited bases apply to all programs.) Persons with disabilities who require alternative means for communication of program information (Braille, large print, audiotape, etc.) should contact USDA's TARGET Center at 202-720-2600 (voice and TDD).

To file a complaint of discrimination, write: USDA, Director, Office of Civil Rights, Room 326-W, Whitten Building, 14th and Independence Avenue, SW, Washington, DC 20250-9410 or call 202-720-5964 (voice and TDD). USDA is an equal opportunity provider and employer.

USDA Rural Development is an Equal Opportunity Lender, Provider, and Employer. Complaints of discrimination should be sent to: USDA director, Office of Civil Rights, Washington, D.C. 20250-